

**AGREEMENT FOR THE PROVISION OF
ELECTRIC SERVICE TO MUNICIPALITIES
AND COUNTIES OF THE
COMMONWEALTH OF VIRGINIA FROM
VIRGINIA ELECTRIC AND POWER COMPANY**

This Agreement, made this 8th day of August, 2001 between the County of York, a unit of local government of the Commonwealth of Virginia, hereinafter called the "Customer", and Virginia Electric and Power Company, hereinafter called the "Company," provides that in consideration of the mutual covenants and agreements herein contained, the parties hereto contract and agree with each other as follows:

A. PURCHASE AND SALE

1. Purchases From the Company

The Customer will purchase from the Company and the Company will sell to the Customer, pursuant to the provisions of this Agreement and the Terms and Conditions For The Provision of Electric Service to Municipalities and Counties and the applicable schedules of charges, attached hereto and made a part hereof, the services requested by the Customer (including the service being furnished on the effective date of this Agreement) within the territory served by the Company in the Commonwealth of Virginia.

Under this agreement, "electric service" shall include the provision by the Company to the Customer of the delivery of electricity and, to the extent provided by the Company, electric energy and utility services.

2. Purchases From the Customer

The Company will purchase electricity from the Customer's generating facilities under a separate agreement in accordance with the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Federal and Virginia rules that implement PURPA, if the generating unit qualifies for such treatment.

The Customer may participate in any formal Company solicitation for capacity and energy based on the Company's needs. The Customer also may contract for the sale of electricity to the Company in accordance with the availability, pricing, and terms and conditions of the Company's Virginia Schedule 19 and applicable terms and conditions of contracts for the sale of

electricity to the Company, except that sales of electricity from the Company to the Customer shall be made in accordance with this Agreement. The Company's Virginia Schedule 19 is on file with the State Corporation Commission ("SCC") as part of the Company's Terms and Conditions and Schedules for Supplying Electricity.

Notwithstanding the preceding paragraph, if PURPA is repealed, or if other changes occur to the laws or rules affecting the Company's obligations to purchase electricity or the conditions of sale related thereto, the Company shall revise its practices to be consistent with such changes and may at its option elect to no longer enter into agreements for the purchase of electricity from the Customer to the extent permitted by applicable law and rules.

B. TERM

The term of this Agreement shall be from July 1, 2000 to June 30, 2007.

C. RATES AND CHARGES

- 1) The schedules of charges applicable from July 1, 2000 through December 31, 2000, are attached hereto as Attachment A. The schedules of charges applicable from January 1, 2001 through June 30, 2007 are attached hereto as Attachment B and reflect the elimination of the Gross Receipts Tax and the implementation of Virginia State Income Tax effective January 1, 2001. Any use of electricity for which no schedule of charges is shown will be supplied in accordance with the Miscellaneous Light and Power Schedule 100.
- 2) The Terms and Conditions of service applicable throughout the term of this agreement are attached hereto as Attachment C.
- 3) The distribution/wire charge rate schedules will be developed through negotiation between the VML/VACO Virginia Power Steering Committee (or successor organization bargaining collectively on behalf of local governments within the Company's service area), hereinafter called the "Steering Committee" or its authorized representative acting on behalf of the Customer, and the Company; and, unless the Company and Steering Committee agree otherwise, in the same manner as the distribution/wire charge rate schedules approved by the SCC for Virginia jurisdictional customers. Pursuant to Paragraph E.3. of this Agreement, the distribution/wire charge rate schedules will be effective on the later of: (a) January 1, 2002 or (b) the termination of all contracts awarded to a competitive service provider in the Retail Access Pilot Program (Pilot), which

shall be no later than August 31, 2002; provided, however, that if no contracts are awarded under the Pilot, then the distribution/wire charge rate schedules will be effective January 1, 2002. The Steering Committee shall notify the Company in writing no less than sixty days prior to the effective date of the distribution/wires charges.

The Company will provide its proposed distribution/wires charge rate schedules to the Steering Committee, with all workpapers, within 30 days of the final order by the SCC for distribution/wires charge rates for Virginia jurisdictional customers, but no later than December 1, 2001, with the stipulation that the proposal can be revised to comply with any SCC rulings that affect the calculation, development and/or implementation of distribution/wires charge rate schedules for Virginia jurisdictional customers. The distribution/wire charge rate schedules will be calculated using a transmission component that is based on the then FERC approved transmission service rates, which may change from time to time.

- 4) For qualifying individual accounts the Customer may elect companion load management rate schedules or riders as follows: Schedules CSCM, SGCM, SGCM-1, and Rider J-CM. These load management rates and rider will be revised from time to time as approved for other retail customers in Virginia, however, throughout the term of this Agreement the payments provided under Schedule SGCM-1 shall remain at \$4.50 per kW during the billing months of November through April, and \$8.00 per kW for the billing months of May through October. For accounts participating in the Pilot program or full customer choice, such load management rate schedules and riders are not available during such participation.
- 5) The terms of service unique to specific connection points may, as applicable, be enumerated in Attachment E. Other service points may be identified, in writing, for inclusion under this Agreement at such times as the need for service develops. Nothing in this Agreement shall be construed as precluding the parties hereto from entering into a separate contract for services of a special nature.

D. RETAIL ACCESS PILOT PROGRAM (PILOT)

- 1) As used in this Agreement, the following terms shall have the meanings set forth below:
 - a. "Bundled rate schedule" – Any of several rate schedules that include both the sale of electric energy and the delivery of electric energy to the mutually agreed point of delivery, using the Company's transmission and/or distribution system(s) as the means of delivery.

- 1 b. "Bundled service" – The provision of both electric energy and delivery
2 service by the Company under a "bundled rate schedule."
3
4 c. "Distribution/wires charge rate schedule" – Any of several rate
5 schedules which include only charges for the distribution of electric
6 energy to the mutually agreed point of delivery and the "wires charge"
7 as defined in § 56-583 of the Code of Virginia (or its successor); and
8 which exclude charges for electric energy; and where the account of
9 the Customer purchases electric energy from a licensed competitive
10 supplier.
11
12 d. "Full customer choice" – An environment under which any account of
13 the Customer may purchase electric energy from a licensed
14 competitive supplier without regard to any limitations established
15 under a "pilot" program.
16 e. "Pilot" – A program under which a limited amount of kilowatt-hours
17 may be purchased from licensed competitive suppliers by local
18 governments (in aggregate), with such program being of a definite
19 time period and having the purpose of testing and refining the
20 methods and procedures for allowing purchases in a "full customer
21 choice" environment.
22

- 23 2) A metered account served under Schedules 100, 110 or 130 can participate
24 in the Pilot through August 31,2002, pursuant to Section VI of the Terms
25 and Conditions and subject to the limitation that the total kWh available
26 under the Pilot to all municipalities or counties, or boards, agencies, or
27 authorities thereof does not exceed 117 million kWh. The Steering
28 Committee will be responsible for the selection of the accounts participating
29 in the Pilot.
30

31 A customer account participating in the Pilot will purchase distribution
32 service and pay any applicable wires charges under Schedule 100P – Pilot
33 Miscellaneous Light and Power Service; Schedule 110P – Pilot All Electric
34 Building Service and Dual Fuel Systems or Schedule 130P – Pilot Large
35 Miscellaneous Light and Power Service provided in Attachment D. The
36 applicable Pilot rate schedule for a customer account will be as determined
37 under Section VI of the Terms and Conditions for the Provision of Electric
38 Service to Municipalities and Counties - Virginia. The Retail Access Pilot
39 Program General Rules and Regulations are provided in Attachment D.
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- 41 3) The transmission and market prices used to calculate the price to compare
42 and the base wires charge will be fixed for the Pilot and determined through
43 negotiations between the Company and the Steering Committee and unless
44 agreed otherwise shall be consistent with the methodologies established by
45 the SCC for the Virginia jurisdictional pilot, while recognizing any unique

characteristics of the County and Municipal customers.

- 4) If and when the Pilot extends beyond January 1, 2002, the Terms and Conditions applicable to the Pilot will be the Terms and Conditions that are established for the phase-in for full customer choice.
- 5) For customers who have authorized the release of their usage information by a communication received by the Company from the Steering Committee, their usage and interval data will be accessible via the Company's secured website to licensed suppliers and aggregators that have completed all registration requirements with the Company.
- 6) Usage, billing information and, where applicable, interval data will be accessible to Customers through either the Company's Customer Service Online website or through the Dominion Key Customer website. Customers must sign up in advance for access to information through either site.

E. FULL CUSTOMER CHOICE

- 1) Full customer choice will be phased-in for all local government customers in a manner consistent with the phase-in for large commercial and industrial Virginia jurisdictional customers approved by the SCC, which is one-third of kWh on January 1, 2002; two-thirds of kWh on September 1, 2002; and all kWh on January 1, 2003. Should the SCC revise the phase-in of full customer choice for large commercial and industrial Virginia jurisdictional customers, the phase-in for local government customers, unless agreed to otherwise, shall be in the same manner as that approved by the SCC for large commercial and industrial Virginia Jurisdictional customers.
- 2) Effective January 1, 2002, an additional increment of County/Municipal annual kwh will be eligible for choice so that, in total, the pilot eligible usage and the additional increment will equal the proportion of the first phase approved by the SCC for Virginia jurisdictional customers.
- 3) The base wires charge and the transmission and market prices used to calculate the price to compare for the incremental customers phased-in beginning January 1, 2002 and billed on either Schedule 100P, Schedule 110P or Schedule 130P, will be the same as those used for the pilot customers until the new distribution/wire charge rate schedules take effect on or after January 1, 2002, as set forth in Paragraph C.3. above.
- 4) After January 1, 2002 the Company and the Steering Committee shall seek to coordinate adjustments to base wires charges with changes to market prices and transmission rates, but in no case shall such adjustments occur

more frequently than annually. Such adjustments shall be determined through negotiation and unless agreed otherwise will be consistent with the methodology and data approved by the SCC for Virginia Jurisdictional customers.

- 5) Customer information will be made available to customers and licensed suppliers or aggregators in accordance with Paragraphs D.5 and D.6.

F. AGREEMENT REVISIONS

Upon the effective date of this electric service agreement, the Customer through the Steering Committee or the Company may request that the other party consider revising the agreement, according to the following principles, however, any revisions to the agreement shall only be as mutually agreed between the Company and the Steering Committee:

- 1) If the Company separates the ownership of its transmission or distribution assets from its generation assets, any such renegotiations shall be limited to good faith renegotiations to change the present provision for recovery of fuel and purchased power costs to some other provisions designed not to cause customers to pay more for fuel, purchased power, and non-fuel rates than they would have paid under the current fuel adjustment provisions if the ownership had not been transferred, and designed to require the generation company to assure performance of the capped rates provisions of this Agreement;
- 2) When the Company offers competitive metering and/or billing options for its GS-3 and GS-4 Virginia jurisdictional customers, then it shall offer such options for all County and Municipal accounts with interval meters. When it offers such options for its smaller jurisdictional customers, it shall offer such options to all County and Municipal accounts with non-interval meters. Before such options are offered to County and Municipal accounts, the Company and the Steering Committee shall negotiate for a further unbundling of capped rates to isolate charges related to the newly competitive metering and/or billing services and, unless agreed otherwise, this further unbundling shall be in a manner consistent with the methodology implemented for jurisdictional customers;
- 3) If the Company's jurisdictional rate schedules and/ or Terms and Conditions are revised to require a new methodology for calculating line extension payments, then, after the adoption of such revisions by the SCC, the Company and the Steering Committee, unless they agree otherwise, shall negotiate in good faith to adopt a new methodology for calculating line extension payments that is consistent with the methodology adopted by the

- 1 SCC for jurisdictional non-residential customers while preserving (to the
2 extent feasible) any unique characteristics of the line extension policies of the
3 County and Municipal customers.
4
- 5 4). Termination of the Company's capped rates by the SCC under § 56-582 of the
6 Virginia Code;
7
- 8 5) The General Assembly's material amendment of § 56-590 of the Virginia
9 Code regarding the functional separation of generation, retail transmission
10 and distribution of electric utilities.
11
- 12 6) The General Assembly or SCC's approval of a methodology for recovery of
13 fuel or purchased power costs that differs from the current methodology
14 under § 56-249.6 of the Virginia Code
15
- 16 7) The Customer through the Steering Committee or the Company may seek to
17 renegotiate an adjustment for rates for any tax law changes. Such
18 adjustment, unless otherwise agreed to, shall be consistent with the
19 methodology approved by the SCC for Virginia jurisdictional customers.
20
- 21 8) Unless otherwise agreed to by the Company and the Steering Committee, the
22 Company, upon a finding of financial distress beyond the Company's control
23 by the SCC that allows adjustments to Virginia jurisdictional base rates,
24 shall adjust the rates for County and Municipal customers within 90 days
25 following a final order of the SCC finding financial distress. Such rate
26 adjustment shall be, unless the parties agree otherwise, in the same manner
27 as that approved by the SCC for jurisdictional customers, while recognizing
28 any unique characteristics of the County and Municipal customers.
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33 G. GENERAL

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- 35 1) Unless otherwise specifically agreed to in writing, this Agreement cancels
36 and supersedes as of its effective date all previous agreements including
37 supplemental agreements between the Customer and the Company for
38 electric service covered by this Agreement. This Agreement shall inure to the
39 benefit of and be binding upon the successors or assigns of each of the parties
40 hereof.
41

- 1 2) This Agreement shall be binding upon the Customer and the Company only
2 when executed by their duly authorized official or authorized representative,
3 and shall not be modified by any promise, agreement or representation of
4 any agent or employee of the Company or Steering Committee except in
5 writing and executed by such a duly authorized official or officer.
6
- 7 3) The obligations of the Company and the Customer for service under this
8 Agreement are subject to appropriations by Customer's governing body to
9 pay for such service.
10
- 11 4) In the event any provision, or any part or portion of any provision of this
12 Agreement shall be declared by a court of competent jurisdiction to be
13 unlawful, invalid, void or otherwise unenforceable, the remainder of this
14 Agreement shall be severable and remain enforceable. Only the provision
15 (or part or provision thereof) so declared shall be considered unlawful,
16 invalid, void or otherwise unenforceable.
17

1

2 **VIRGINIA ELECTRIC AND POWER COMPANY**

3 By:_____ Title _____

4 **CUSTOMER'S NAME:** _____

5 By:_____ Title _____

6 (Information requested below to be filled in only if approval obtained or required by
7 Customer.)

8 At a regular meeting of the _____

9 of the _____ of _____ held on _____, 20____, this

10 Agreement was presented for approval as prescribed by its rules of order, was
11 approved, and the above officer was authorized to execute same on its behalf.

12 Attest _____ Clerk